

Dear Dairy Farmers, dear Interested Parties,

On 2/3 November 2011, the EMB Executive Committee travelled to Croatia to attend a conference on milk production in Europe co-organised by the EMB and HSUPM. Besides the conference, in-depth talks were held with representatives of the Croatian EMB member HSUPM and there was a tour of a farm. In this newsletter we also have an interview with the dairy farming family who were our hosts at the farm.

During the conference, attended by many milk producers and representatives of institutions and the dairy industry, it became clear that the institutional policy in Croatia is heavily geared to the EU subsidies expected in the future and is less concerned about basic structural conditions for milk production. The following questions remain unanswered:

How can the producers be enabled to sell their milk to the dairies at cost-covering prices? How can their position in the market be strengthened? How can they survive in the face of cheaper imports from the EU once they have joined the EU? How can they bring about the necessary adaptations to EU standards? What operational measures should be promoted by subsidies to create long-term sustainable structures in milk production and thus throughout rural areas?

EMB member HSUPM comprises regional milk producer organisations all over Croatia and represents some 5,000 milk producers. One of the issues the association is currently addressing is that of land reform, as the very small plots of land in many different places make farming very difficult. After this successful get-together the aim is for co-operation between HSUPM and the EMB to be intensified in the next few months.

I hope you all enjoy reading the newsletter,

Kind regards,

Romuald Schaber, President of the European Milk Board

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Interview with Vlado Ljubic, Croatian milk producer

Together with his wife Ljubica, 37-year-old Vlado Ljubic runs a dairy farm in the north-west of Croatia, about 40 km from Zagreb. They have 23 dairy cows and about 10 young stock. Vlado's parents still help out a great deal on the farm, his father also works as an ambulance driver. Ljubica works on an hourly basis looking after elderly people outside the farm. Within the next few years they want to increase the herd to 30 dairy cows and also fatten up a maximum of 50 bulls.

S.Korspeter: How long have you been running your parents' farm?

Vlado: I started running the farm in 2001. Before that I did an apprenticeship in mechanical engineering and started studying mechanical engineering in Zagreb, although I didn't complete the course. Prospects in the industry were not good at the time and I fancied working with animals on the farm. What I like about being a farmer more than anything is that I am my own boss and I can work when I want.

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German Farm Ministers Conference to strengthen the milk producers' position

A socially fairer reconfiguration of the Agricultural Policy (CAP 2013) was called for by the milk producers of the BDM e.V. [German Dairy Farmers' Association] during the Farm Ministers Conference in Suhl on 28.10.2011. The BDM's "Suhl Dairy Farmers' Manifesto" also called on the ministers to overhaul the "EU Milk Package".

The BDM regards it as a positive endorsement of its work that the ministers have evidently realised that the planned upper limit for the size of a producer organisation (3.5% of EU production and 33% of national production) was too severe a restriction on the milk producers compared to the market clout of the dairies and retailers. The BDM also welcomes the demands of eight federal states to allow producers the dual membership, to install obligatory minimum requirements for drafting contracts between producers and the dairy industry and to gear milk production to the demand for milk and dairy products.

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Fair cocoa milk in the Netherlands!

Monday, 7 November, saw the official launch of *De faire melk*'s Fairtrade Cocoa Milk by Ben Krol at C1000 in Arnhem. It is now available on this supermarket chain's refrigerated shelves.

De faire melk's fresh cocoa milk is produced from fair trade cocoa and cane sugar and stands for:

- cattle grazing
- a fair farm-gate price for the Dutch farmers
- the best quality of fresh Dutch milk
- fair trade with the farmers in developing countries.

For further information go to www.defairemelk.nl

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Report from Sweden: ARLA – dairy market - politics

The Swedish competition authority has now approved the merger of Arla with Milko, a Swedish dairy. This is good news for the Milko farmers for now as it means that bankruptcy has been prevented. But we must remember that the economic situation on the farms is still very serious. The Milko farmers have suffered great economic damage and it will take a long time for the situation to stabilize. This is why Sveriges Mjölkbonder is working on different solutions to help these farmers in economic terms. We are cooperating with the Swedish Dairy Association and the Swedish Ministry of Agriculture in this matter. It remains to be seen what effects on the Swedish dairy market such a huge dairy as Arla will have. Other dairies in Sweden are worried about the future.

The question is what will happen if they won't be able to cope?

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EMB: Does the dairy market have to follow the financial markets?

End the ignorance – we need to be on top of things and must be able to react accordingly

Whether it is the global bank and EU debt crisis or the dairy crisis with their international consequences – one does not gain the impression that the politicians could get the situation under control. They come across as out of their depth, in some cases ignorant. They lack knowledge and the courage to make decisions. Moreover, they are too strongly influenced by the interests of the banks or the dairy industry respectively. But the public demands the right to an effective reaction at last.

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BIG-M: The Reorganisation of BOM is a farce!

Following the withdrawal of the Swiss Milk Producers (SMP) organisation, the President of BOM [the Swiss Inter-Branch Organisation], Markus Zemp, announced that this was also an opportunity for a reorganisation that would enable an efficient solution to the problems in the dairy market in the future. The BOM in its current composition is incapable of solving the severe problems in the Swiss market. It just looks on as the players in the dairy market mock every stipulation: the milk buyers pay no attention to the BOM resolutions whereby the marketing as A, B and C milk must be correctly and transparently accounted for. The majority of producers are paid mixed prices based on arbitrary segmentation. The milk processors merely state what

proportions are paid for.

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The Danish dairy company Arla just carries on growing

The European Commission has no objections under competition law to the merger of the German dairy group Allgäuland with Arla. In its estimation the resultant company is still exposed to the pressure of competition through a number of competitors.

Arla Foods is now one more step nearer its stated aim of being one of the three leading milk processors in the German market. And in northern Europe, too, the company has become bigger by taking over the Swedish dairy Milko. The concentration in the dairy sector is increasing and in Brussels the politicians are expressing concerns that with too much scope with regard to mergers the dairy farmers could perhaps become too powerful in the market! Some EU politicians have got it all wrong. Or simply have selective perception guided by interests.

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Some of the meetings of EMB board members in November

25.11.2011 *Workshop on research project "Support of Farmers' Cooperatives" of the EU commission*

24.11.2011 *Meeting with Polish minister of agriculture Marek Sawicki in Warsaw*

23.11.2011 *Meeting with the German minister of agriculture Ilse Aigner in Berlin*

17.11.2011 *Meeting with the Luxembourg minister Romain Schneider in Luxembourg*

10.11.2011 *Meeting with representatives of the Flemish ministry of agriculture in Brussels*

07.11.2011 *Meeting with the Czech minister of agriculture Petr Bendl in Brussels*

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